

Morningstar Investment Management LLC Form ADV Part 3: Relationship Summary

Item 1: Introduction

Morningstar Investment Management LLC is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at the SEC's investor education website, Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

Item 2: Relationships and Services

What investment services and advice can you provide me?

This Relationship Summary focuses on the investment advisory services we offer to retail investors. Managed Accounts, Advice, and Guidance are available to participants of employer-sponsored retirement plans (each a "Plan"). If you are a sole proprietor or other self-employed person who makes Plan decisions for your business ("Business Owner"), this Relationship Summary is also intended for you. These services are intended for citizens of or Plans organized under the laws of the United States or its territories, are offered through retirement plan providers or other investment advisers, and do not require a minimum account size to sign up.

With **Managed Accounts, Advice, and Guidance**, we use the information we know about your personal and financial situation to propose a retirement strategy that typically includes a retirement income goal, savings rate and retirement age advice, and a recommendation for how to allocate your retirement plan account ("Account") assets between stocks, bonds, or cash. If you choose **Managed Accounts or Advice**, we also recommend a portfolio of investments for your Account. The available portfolios are created by us, another investment adviser chosen by your plan sponsor, or our sub-adviser. When we create portfolios, we limit our recommendations to the investment options available through your Plan. We will not recommend you invest in investment options where we act as an investment adviser or sub-adviser to the investment option.

If you enroll in **Managed Accounts**, you give us responsibility for the ongoing management of your Account. We'll send instructions to your plan provider to implement or update our recommended retirement strategy in your Account as we see necessary. As part of our standard service we review your Account quarterly and when we receive updated information about you or the investment options available to you. We send you periodic reports reflecting your progress towards your retirement goals and investment information.

If you choose **Advice or Guidance**, you are ultimately responsible for making investment decisions in your Account, including whether to implement our recommendations. We do not monitor or review your investment decisions and we do not provide you with updated recommendations or projections about your progress towards your retirement goals unless you return to our service to receive new recommendations and projections.

More information about **Managed Accounts, Advice, and Guidance** can be found in Items 4, 7, and 8 of our [Firm Brochure for Retirement Services for Individuals](https://bit.ly/MstarIM-RS) at <https://bit.ly/MstarIM-RS>.

Business Owners can choose our **Fiduciary Services, Custom Models, or Morningstar® Managed PortfoliosSM** for their Plan. With **Fiduciary Services**, we make recommendations to the plan fiduciary or the ultimate decisions on how to construct, monitor, and manage the investment options for your Plan, which are typically collective investment trust, mutual, money market, and/or stable value funds chosen from the investment universe defined by your plan provider. We provide documentation of our process and give you periodic fund and plan performance reports. Under **Custom Models**, we use the investment options in your Plan lineup to create model portfolios for use by your Plan participants. Under **Morningstar Managed Portfolios**, we offer time- or risk-based model portfolios consisting of funds from the Morningstar Funds Trust for use as investment options in Plans through certain service providers. We monitor model portfolios on an ongoing basis and recommend or have the ultimate authority to make changes as needed. More information about **Fiduciary Services, Custom Models, and Morningstar Managed Portfolios** can be found in Items 4, 7, & 8 of our [Firm Brochure for Institutional Advisory Services](https://bit.ly/MstarIM-IA) at <https://bit.ly/MstarIM-IA>.

Conversation Starters

(Read our [Responses](https://bit.ly/MstarIM-CSResponses) at bit.ly/MstarIM-CSResponses)

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

Item 3: Fees, Costs, Conflicts, and Standards of Conduct

What fees will I pay?

Our fees are generally negotiated by your plan provider or sponsor and depend on a range of variables. To view your specific fee schedule and method of payment, you can obtain it from your plan sponsor or provider or refer to your advisory agreement with us. In some cases, your plan sponsor or provider pays your fees.

With **Managed Accounts**, your Account is charged an annual fee (typically 0.10 – 0.50%) on the average amount of assets in your Account that we manage. A portion of the annual fee is charged after each month or quarter end (depending on your plan provider's billing practices) and is debited from your Account by your plan provider. We do not charge a fee for **Advice or Guidance**.

We typically charge a minimum and an annual fee based on the dollar amount of assets in your Plan for our **Fiduciary Services and Custom Models**. The minimum fee generally ranges from \$100,000 - \$450,000, is paid by your plan provider, and may be reduced by the amount of the

annual fee you pay. The annual fee is generally paid by your Plan, ranges from 0.02 – 0.08% of the average or the ending assets in your Plan for the period, and a portion is charged after each month or quarter end. Your advisory agreement with us contains your specific fee and billing methods.

We do not charge an investment management fee for the **Morningstar Managed Portfolios** for Plans. We receive compensation directly from the Morningstar Funds Trust for the investment management activities we perform as their investment adviser, so your Plan or its participants are not charged a fee with respect to the Morningstar Funds Trust funds held in a model portfolio.

Please note, we have an incentive to encourage you to increase the assets in your Account or Plan, since we receive more in fees if you have more assets.

Our fee is separate from fees and expenses charged by your investments or third parties, such as your plan provider or other investment adviser. An investment's fees and expenses are described in its prospectus or equivalent document, and can include management, distribution, shareholder servicing, sub-transfer agency, or initial/deferred sales fees. Third parties can charge you custodian, brokerage, or other transaction costs for items like platform, custodial, or account maintenance fees. Your plan provider can provide you with information specific to your Plan. We do not receive compensation from securities we recommend in connection with our services described herein.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investment over time. Please make sure you understand what fees and costs you are paying. More information about our fees can be found in Item 5 of our [Firm Brochure for Retirement Services for Individuals](https://bit.ly/MstarIM-RS) at <https://bit.ly/MstarIM-RS> and our [Firm Brochure for Institutional Advisory Services](https://bit.ly/MstarIM-IA) at <https://bit.ly/MstarIM-IA>.

Conversation Starters

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here is an example to help you understand what this means: When acting as investment adviser to the Morningstar Funds Trust or providing advisory services to other funds, we are typically compensated based on the amount of assets in the fund. This gives us an incentive to recommend those funds to you, as it increases the compensation we receive.

We also make money by offering other products and advisory services, such as advising clients on which investments to make available through retirement plans, licensing software or questionnaires, and providing independent advice.

More information about our conflicts of interest and how we seek to avoid or mitigate them can be found in Item 10 of our [Firm Brochure for Retirement Services for Individuals](https://bit.ly/MstarIM-RS) at <https://bit.ly/MstarIM-RS> and [Firm Brochure for Institutional Advisory Services](https://bit.ly/MstarIM-IA) at <https://bit.ly/MstarIM-IA>.

Conversation Starters

How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our employees are paid a salary and are eligible for bonuses, which are based on the overall profitability of us and our parent company and/or the employee's contribution to our business. For some portfolio managers and their team members, their bonus is also based on the investment performance of select portfolios. For the portion based on performance, benchmarks are used to measure performance and are chosen by senior personnel and approved by our Global Investment Policy Committee's Regional Investment Policy Committee. To mitigate the conflict of interest that could arise, all investment decisions made within the selected portfolios must be peer reviewed by the Regional Investment Policy Committee. Bonuses may take the form of cash or shares of Morningstar common stock (ticker: MORN).

Item 4: Disciplinary History

Do you or your financial professionals have legal or disciplinary history?

No. You can visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

Conversation Starters

As a financial professional, do you have any disciplinary history? For what type of conduct?

Item 5: Additional Information

For Managed Accounts, Advice, Guidance, Fiduciary Services, and Custom Models, you can obtain more information about us by emailing MorningstarRetirement@morningstar.com or at morningstar.com/products/retirement-manager or morningstar.com/products/fiduciary-services. For Morningstar Managed Portfolios, you can call our customer support team at 877-626-3227 or go to mp.morningstar.com. If you have any questions or would like to request a copy of our Firm Brochure, Brochure Supplement, or Relationship Summary free of charge, please contact us at 312.696.6000, send an email to compliance@morningstar.com, or go to morningstar.com/company/disclosures.

Conversation Starters

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?